

# Memorandum

Date : May 2, 2002  
Telephone: (916) 654-4067

To: Arthur H. Rosenfeld, Commissioner and Committee Presiding Member  
Robert A. Laurie, Commissioner and Committee Associate Member

From: California Energy Commission - Matt Trask  
1516 Ninth Street Project Manager  
Sacramento, CA 95814-5512

Subject: **SAN JOAQUIN VALLEY ENERGY CENTER PROJECT (01-AFC-22)**  
**(Formerly the Central Valley Energy Center)**  
**STATUS REPORT NO. 2**

Staff has prepared the following status report to inform the Committee of the progress of the case. Since the Staff's previous Status Report, filed on March 22, 2002, the Staff and the Applicant have made significant progress in resolving the outstanding issues remaining for Staff's assessment of the AFC, though staff still needs a significant amount of information from the Applicant before we can complete our Staff Assessment. The process of obtaining this information has potential to further delay the release of the Staff Assessment for this 6-month proceeding. Staff's position has been that it would release the Staff Assessment for this proceeding 30 days or less after receiving the last information needed from Calpine to complete our analysis. Staff's best estimate at this time is that we would release the Staff Assessment for this project by June 20 at the absolute earliest, and more likely mid-July, depending on the receipt of the information noted below.

Below are specific answers to the 10 questions posed by the Committee in its April 16 Order Requesting Status Report:

- 1. When is the San Joaquin Valley Air Pollution Control District expected to issue its Preliminary Determination of Compliance? What issues are outstanding? How will this impact the current schedule?**

The San Joaquin Valley Air Pollution Control District released its Preliminary Determination of Compliance (PDOC) for the SJVEC on March 29, 2002. Both Energy Commission Staff and the US EPA have expressed concern over the appropriate BACT levels that should be applied to this project, as well as over the validity of the Emission Reduction Credits (ERCs) that Calpine has provided to offset the emissions from the proposed project. Staff of both the Energy Commission and US EPA Region 9 in San Francisco either have submitted or will submit comments on the PDOC.

Energy Commission Staff also have some concern about the potential effect on the emissions from the project caused by operating under partial load conditions, as may be necessary because of transmission constraints. Staff is working with the Applicant and the turbine vendor for the project, Westinghouse, to determine what the emissions from

the project would be under the various restrictions on the project's output that could result from the need to prevent overloads on the transmission system.

Though the Air District released its PDOC in a timely manner, there may be delay in the release of the FDOC because Calpine has of the need to address comments on the preliminary document. Though staff cannot estimate the amount of time the District would need before it could produce its FDOC, Staff believes that this would likely be accomplished within the time frame for resolving the most time critical issue involved in this proceeding, which is Transmission System Engineering (see Question No. 7).

**2. When is receipt of the letter confirming that Applicant is not required to engage in a formal consultation process to resolve any issue of listed species/habitat take expected from the US Fish & Wildlife Service? Will the delay in receipt of the letter impact the current schedule?**

Staff received a letter from the US Fish & Wildlife Service on March 25, 2002, confirming earlier oral reports from them that Calpine need not enter a formal consultation process to resolve any issue of listed species/habitat take. The letter, signed by Jan Knight, Chief of USFWS's Endangered Species Division, identifies two listed species that occur in the project area, the federally endangered San Joaquin kit fox and the federally threatened giant garter snake, and states, "Based on information provided during informal consultation, the Service has determined that the proposed project is not likely to adversely affect the kit fox and the giant garter snake." The Biological Resources section of the Staff Assessment is completed, and has completed all needed reviews. This section will not have any effect on overall schedule.

**3. Has Applicant submitted its responses to Staff's data requests regarding Cultural Resources? How will Applicant's delay in submitting this information impact the current schedule?**

Calpine has responded to all of staff's data requests for cultural resources. The Cultural Resources Staff Assessment section is nearly complete, and it will have no effect on the overall project schedule.

**4. When will Applicant submit its Noise Mitigation package? How much time will Staff require for review of the package? How will this impact the current schedule?**

According to Calpine's AFC, operation of the proposed SJVEC would increase sound levels at many nearby sensitive receptors (homes) by up to 20 decibels (db), which is well above any threshold that staff has used for other cases as a guideline for determining the potential for significant noise impacts from power plant operation. However, the project is proposed in an agricultural area that is extraordinarily quiet, and this is perhaps the first large project in an agricultural area ever analyzed by staff.

Therefore, Staff is currently developing criteria for determining the appropriate noise performance standard that would be applied to this project and any future similar project.

Though this area still has some uncertainty as to its schedule and outcome, the workshop held on April 30 cleared up a basic misunderstanding on the applicant's part as to what Staff's noise analysis focuses on, which is the potential disruption of sleep for the nearby affected sensitive receptors. Calpine apparently had thought that Staff was seeking to ensure that no area would experience a substantial increase in noise caused by the project, including deserted lands that are zoned industrial or agricultural. Calpine stated during the workshop that they would consider the costs and benefits of both on-site and off-site noise mitigation measures, and would submit information on that to the staff as soon as possible after Staff provides what it considers to be the appropriate performance standard for the project. However, if the mitigation package is not sufficient to reduce the noise from the project to an acceptable level, staff would likely issue another round of data requests, leading perhaps to further delay before staff can complete its analysis and release the SA, or would conclude in the Noise section that the project would cause a significant, unmitigated impact. The latter would be problematic, in that the 6-month AFC regulations do not allow the Commission to override a significant, unmitigated impact.

**5. When will Staff complete its review of Applicant's corrected modeling runs? What is the status of the discussions regarding the possibility of Applicant using aqueous rather than anhydrous ammonia and/or potential Environmental Justice issues? How will this impact the current schedule?**

Staff has completed its review of the corrected modeling runs. Staff has confirmed that it is essentially impossible for Calpine to meet the public health standards and requirements specified for the 6-month AFC process with the use of anhydrous ammonia. The Off-Site Consequences Analysis modeling results indicated potential for a significant impact to Public Health from a rupture of the anhydrous ammonia tank that Calpine is proposing for the SJVEC, or from the tanker truck that would deliver the anhydrous ammonia. To resolve this problem, Calpine has agreed to switch to use of aqueous ammonia for the SCR system. Calpine's engineering staff is in the process of drawing up new plans to show the location and technical details of the aqueous ammonia system, and providing a narrative on the safety features of the system, such as the location and size of the catch basins underneath the truck off-loading pad and the ammonia storage tanks. Because use of aqueous ammonia requires more truck trips compared to use of anhydrous ammonia, Calpine will also submit a new estimate on the number of needed truck trips (approximately a five-fold increase), and the potential impact this could create. Staff does not believe this new number of truck trips will create a significant impact. Calpine stated it could provide the needed information within two weeks of the date of this report. Staff believes it can complete its needed

revisions to its analysis within one week of receiving the information. This issue will not have any effect on the overall project schedule.

**6. Has Applicant submitted its responses to Staff's data requests regarding Applicant's proposed Erosion and Sediment Control Plan? How will Applicant's delay in submitting this information impact the current schedule?**

Calpine has submitted all needed data responses in this area, including an Erosion and Sediment Control Plan, and staff has completed the Soil and Water sections of the Staff Assessment for this proceeding. These sections will have no effect on the overall Staff Assessment release schedule.

**7. Has Applicant submitted its Transmission System Mitigation Plan to Cal-ISO and Staff? When is a response for Cal-ISO expected? How will this impact the current schedule?**

The Cal-ISO recently communicated to Commission Staff that it is withdrawing its previous letter to the applicant, dated February 21, 2002, stating that without further mitigation, the output of the 1060 MW SJVEC would be limited to as little as 300 MW during the summer peak hours. Instead, the Cal-ISO stated it now stands behind its original letter to the applicant giving preliminary interconnection approval for the project, with the use of congestion management or a system protection scheme as the means to prevent any system overloads that could be caused by the project. However, Staff's analysis of the transmission system effects shows that reconductoring of approximately three line segments totaling about 45 miles is a reasonably foreseeable consequence of the project. Based upon Staff's determination that reconductoring is reasonably foreseeable, Staff needs certain environmental information to conduct an CEQA assessment of the indirect effects of the project; or, Calpine will need to provide a Detailed Facilities Study for the project showing that no reconductoring is required to interconnect the project.

Staff has determined that the Staff Assessment for this project must include an alternatives-level, or a cumulative impacts-level of analysis of the potential effects of the reconductoring. The purpose of this analysis is to provide information to the Committee and the Commission, as well as the general public and interested parties, as to the potential indirect effects that the project may cause, and to provide some level of environmental impact analysis that the California Public Utilities Commission (CPUC) could utilize in its CEQA review of any reconductoring project application. Because the transmission owner, PG&E, and its contractors would actually conduct the work, and would obtain authority to do so from the CPUC, and because this work would not likely occur for several years, Staff feels this level of analysis is appropriate at this time.

Calpine has not yet informed Staff whether it will provide the environmental information or request a delay to wait for the Detailed Facilities Study. Assuming Calpine agrees to provide the environmental information, their environmental and technical consultants felt they would need approximately one month to gather the needed information and submit it to the Commission. Staff would need approximately one month after that to complete our analysis of the reconductoring projects and release the Staff Assessment. The reconductoring analysis would likely appear as an addendum to the Transmission System Engineering section. This would push the release of the Staff Assessment to late June or early July. Transmission is definitely where the most time is needed to complete the Staff Assessment. Availability of the Detailed Facilities Study will depend on PG&E, which has informed Calpine that the study would not be completed until approximately mid-September.

**8. Has Applicant submitted additional visual resource analysis and mitigation information? What issues are outstanding? How will this impact the current schedule?**

Calpine has submitted additional analysis of potential visual resources impacts from several viewpoints within the City, such as from the school playground and a nearby park. Additionally, the San Joaquin City Council has issued a resolution indicating its approval of Calpine's conceptual landscaping plan, both for the plant site and for two areas off-site that will provide some screening of the project for viewers in the City. The City has requested that it remain involved in the development, implementation and ongoing maintenance and revision of the landscaping planned for the project. This project is unusual in that the residents of the area have indicated they actually do not want the project to be screened from view by landscaping. Rather, they have asked that the landscaping plan "frame" and enhance the view of the power plant itself. Staff is nearly complete with the Visual Resources analysis for the Staff Assessment, and is exploring the creation of some instrument or method that would allow the City to remain involved in all aspects of the landscaping plan. Though Staff is still collecting information and comment from the City, this section will not have an effect on the overall project schedule.

**9. What is the status of Applicant's Environmental Site Assessment? How will receipt of this document impact the current schedule?**

Early analysis by the Commission's Waste Management Staff indicated that a Phase II Environmental Site Assessment was appropriate for the SJVEC site and linear routes because of the extensive use of pesticides and herbicides. At Staff's request, Calpine completed a Phase II ESA and submitted it to the Commission on April 4. Staff has completed the review of the ESA, and has completed the Waste Management section of the Staff Assessment. This section will have no effect on the overall project schedule.

**10. Are there any other scheduling matters pertinent to this proceeding of which the Committee should be aware?**

Provided that the new information submitted to staff by Calpine in this case does not trigger another round of data requests and responses, staff expects to file its SA within 30 days after the last critical information is received. Staff would conduct its Staff Assessment Workshop approximately 2 weeks after the SA is released. Staff proposes to complete any needed addendum to the Staff Assessment within 35 days after the SA is published, if all critical information items needed to complete any additional analysis have been received (such as the FDOC and the transmission analysis); otherwise the addendum will be completed within 30 days from receipt of all additional critical information items. If the addendum to the SA contained only minor new analysis, Staff could perhaps release the addendum significantly sooner.

This schedule allows sufficient time for staff to conduct SA workshops in coordination with the City and other interested agencies, receive final determinations from local, state, and federal agencies, and receive critical information from the applicant. However, as stated above, delays in submissions by the applicant to staff or to the appropriate local, state, or federal agencies, could result in delays in determinations and release of documents by agencies. Without such information, it will be difficult for staff to prepare a conclusive and meaningful SA addendum.

cc: POS